IN THE SPECIFICATION

Please amend the specification at page 26, line 14 –
page 27, line 10 as follows:

-- In the example shown in <u>Figs. 3A-3D</u> ~~Fig. 3~~, the four-bit
digital watermark information iw is embedded into one frame.
However, the even-numbered and odd-numbered fields may be
divided into smaller units, thereby making it possible to embed
more bits of digital watermark information into one frame.
Alternatively, two or more frames may be used to embed more bits
of digital watermark information.

The embedding modulator 103 modulates the pattern to
suitably embed digital watermark information iw represented by
the pattern shown in <u>Figs. 3A-3D</u> ~~Fig. 3~~ into a host signal
(video signal). For example, the embedding modulator 103 first
analyzes the complexity of the signal read by the playback unit
101, and then modulates the pattern so that a larger amount of
digital watermark information can be embedded into a signal
component on which the visual or audible masking effect (a
larger amplitude signal makes a smaller amplitude signal
invisible or inaudible) can be most effectively exerted. For
example, a larger amount of digital watermark information
embedded into a high frequency signal component becomes
invisible (inaudible). A larger amount of digital watermark
information embedded into a signal component which sharply

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fluctuates over time becomes invisible (inaudible).--